

EPA Official Record

Mail ID: 97f19af8927e487f9e155b386f5638fe

From: Beak, Doug

To: Jackson, Suzanne

Delivered Date: 09/25/2014 07:58 AM EDT

Subject: FW: Lotus Notes emails responsive to FOIA request EPA-HQ-2014-008306

non-responsive

non-responsive

----- Forwarded by Doug Beak/ADA/USEPA/US on 09/24/2014 02:09 PM -----

From: Michael Overbay/R6/USEPA/US

To: john.satterfield@chk.com

Cc: Chris Hill <chris.hill@chk.com>, bob.costello@chk.com, Stephen Hess/DC/USEPA/US@EPA, David Jewett/ADA/USEPA/US@EPA, Doug Beak/ADA/USEPA/US@EPA, Susan Mravik/ADA/USEPA/US@EPA, Jeanne Briskin/DC/USEPA/US@EPA, Ramona Trovato/DC/USEPA/US@EPA, "Florentino, Gene" <GFlorentino@ene.com>

Date: 08/08/2012 04:12 PM

Subject: Access agreement and project schedule update

Hi John,

Attached is both a Word file and an Adobe .pdf file of the access agreement that we have been working on with Bob Costello of CHK. I believe it to be in a form that all parties, including our EPA prime contractor, Ecology and Environment (E&E), are comfortable with. Please check with Bob to make sure he is in agreement. I have sent this version without all of the track-changes history and after cleaning up some formatting issues so that it is easy to read. This version reflects the commitment from Paul that the well control insurance was no longer being requested by CHK

(See attached file: EPA Chesapeake access agr-clean 8-8-12 MO.pdf)(See attached file: EPA Chesapeake access agr-clean 8-8-12 MO.docx)

E&E has been asked to proceed with getting the revised insurance certificates with Chesapeake named on them and the requested subrogation language, so if this access agreement meets everyone's approval, we should be able to sign it very quickly.

Immediately following the meeting on July 31 in Washington, EPA tasked E&E to proceed with the development of the revised Phase I QAPP and to proceed with the subcontracting for the driller, geophysical logger, and surveyor, in order to proceed with the installation of the initial set of wells to determine the gradient and ground water flow velocity. Here is the projected best-case schedule of moving forward with the Phase 1 work, getting the report with the design of the final monitoring network and the Phase 2 QAPP, which would move us forward to installing those wells and collecting baseline condition samples.

- o 8/17—E&E submits revised QAPP to EPA
- o 8/31—Ada Lab QAPP review ends
- o 9/7—QAPP is revised & submitted to CHK and OCC for review
- o 9/14—CHK/OCC review comments due back
- o 9/21—CHK/OCC input reviewed and QAPP revised
- o 10/5—QAPP reviewed by QA office
- o 10/12—QAPP revised to reflect QA input
- o 10/19—QAPP completes final review and approval
- o 10/29-11/16—Phase 1 Field Work
 - Phase I report due from E&E to EPA on 12/7/12
 - o Report will include conceptual design of final monitoring well network, including whether off-pad wells only will be sufficient.
 - Phase II QAPP will be submitted at the same time as the Phase one report on 12/7/12. The Phase II QAPP shall address installation of remaining wells, procedures for collection and analysis of soil, surface water, ground water, and flowback water samples to establish baseline site conditions through 1 year of production, and anticipated plugging and abandonment procedures for monitoring wells.

I will call Chris on Friday for more discussion on the schedule.

Michael Overbay, P.G.

Regional Ground Water Center Coordinator
U.S. Environmental Protection Agency - Region 6
(214)665-6482
(214)665-2191 (FAX)

----- Forwarded by Doug Beak/ADA/USEPA/US on 09/24/2014 02:09 PM -----

From: Michael Overbay/R6/USEPA/US
To: john.satterfield@chk.com
Cc: Chris Hill <chris.hill@chk.com>, bob.costello@chk.com, David Jewett/ADA/USEPA/US@EPA, Doug Beak/ADA/USEPA/US@EPA, Susan Mravik/ADA/USEPA/US@EPA, "Florentino, Gene" <GFlorentino@ene.com>, Stephen Hess/DC/USEPA/US@EPA, "Mullaney-Westfall, Colleen" <CMullaneyWestfall@ene.com>
Date: 08/09/2012 09:46 AM
Subject: Minor change in the access agreement

Hi John,

E&E's counsel, Colleen Mullaney-Westfall, brought to my attention this morning that the way the access agreement is currently worded, they would have to require all of the subcontractors on the site to provide the insurance coverage indicated in section 6. Therefore, I have made a minor change to section 6 of the access agreement to clarify that the only subcontractor required to provide their insurance information and \$10 million in liability coverage is the drilling subcontractor. We did not intend for this requirement to apply to the surveyor nor the geophysical logging company which will log our initial deep water well.

Here is the revised agreement in both Word and Adobe.pdf formats.

(See attached file: EPA Chesapeake access agr-clean 8-9-12 MO.pdf)(See attached file: EPA Chesapeake access agr-clean 8-9-12 MO.docx)

Michael Overbay, P.G.
Regional Ground Water Center Coordinator
U.S. Environmental Protection Agency - Region 6
(214)665-6482
(214)665-2191 (FAX)

----- Forwarded by Doug Beak/ADA/USEPA/US on 09/24/2014 02:09 PM -----

From: "Chris Hill (Regulatory)" <chris.hill@chk.com>
To: Michael Overbay/R6/USEPA/US@EPA, John Satterfield <john.satterfield@chk.com>
Cc: Bob Costello <bob.costello@chk.com>, David Jewett/ADA/USEPA/US@EPA, Doug Beak/ADA/USEPA/US@EPA, Susan Mravik/ADA/USEPA/US@EPA, "Florentino, Gene" <GFlorentino@ene.com>, Stephen Hess/DC/USEPA/US@EPA, "Mullaney-Westfall, Colleen" <CMullaneyWestfall@ene.com>, Stacy Roberts <stacy.roberts@chk.com>, Renee Riebe <renee.riebe@chk.com>
Date: 08/10/2012 11:09 AM
Subject: RE: Minor change in the access agreement

Mike,

We have modified the agreement language to clarify that only the drilling contractor will require the \$10MM Excess Liability policy. In addition, we add back the sentence in provision 6 (a) (ii) which stated "Such insurance shall include coverage for underground resource damage including but not limited to damage to any wellbore." CHK feels strongly about having this language included in the agreement.

I don't see any problems with the schedule as proposed below. I might suggest we have some discussions regarding the Phase II

SOW in parallel with the development and implementation of the Phase I SOW. I believe this could be beneficial for EPA's project schedule. One point of clarification, it is stated below that the report will identify "whether off-pad wells only will be sufficient." I think you may have meant to say "whether horizontal wells are necessary" because CHK has clearly stated that monitoring wells will not be located on the pad.

Please let me know if you have any questions.

Thank you,

Chris Hill

Environmental Engineer
Chesapeake Energy Corporation
Office: (405) 935-2321
Mobile: (405) 388-3907
Fax: (405) 849-2321
E-mail: Chris.Hill@chk.com

 Description: Declare energy independence

From: Michael Overbay [<mailto:Overbay.Michael@epamail.epa.gov>]

Sent: Thursday, August 09, 2012 9:47 AM

To: John Satterfield

Cc: Chris Hill (Regulatory); Bob Costello; David Jewett; Doug Beak; Susan Mravik; Florentino, Gene; Stephen Hess; Mullaney-Westfall, Colleen

Subject: Minor change in the access agreement

Hi John,

E&E's counsel, Colleen Mullaney-Westfall, brought to my attention this morning that the way the access agreement is currently worded, they would have to require all of the subcontractors on the site to provide the insurance coverage indicated in section 6. Therefore, I have made a minor change to section 6 of the access agreement to clarify that the only subcontractor required to provide their insurance information and \$10 million in liability coverage is the drilling subcontractor. We did not intend for this requirement to apply to the surveyor nor the geophysical logging company which will log our initial deep water well.

Here is the revised agreement in both Word and Adobe.pdf formats.

Michael Overbay, P.G.
Regional Ground Water Center Coordinator
U.S. Environmental Protection Agency - Region 6
(214)665-6482
(214)665-2191 (FAX)

From: Michael Overbay [<mailto:Overbay.Michael@epamail.epa.gov>]

Sent: Wednesday, August 08, 2012 4:13 PM

To: John Satterfield

Cc: Chris Hill (Regulatory); Bob Costello; Stephen Hess; David Jewett; Doug Beak; Susan Mravik; Jeanne Briskin; Ramona Trovato; Florentino, Gene

Subject: Access agreement and project schedule update

Hi John,

Attached is both a Word file and an Adobe .pdf file of the access agreement that we have been working on with Bob Costello of CHK. I believe it to be in a form that all parties, including our EPA prime contractor, Ecology and Environment (E&E), are comfortable with. Please check with Bob to make sure he is in agreement. I have sent this version without all of the track-changes history and after cleaning up some formatting issues so that it is easy to read. This version reflects the commitment from Paul that the well control insurance was no longer being requested by CHK

E&E has been asked to proceed with getting the revised insurance certificates with Chesapeake named on them and the requested subrogation language, so if this access agreement meets everyone's approval, we should be able to sign it very quickly.

Immediately following the meeting on July 31 in Washington, EPA tasked E&E to proceed with the development of the revised Phase I QAPP and to proceed with the subcontracting for the driller, geophysical logger, and surveyor, in order to proceed with the installation of the initial set of wells to determine the gradient and ground water flow velocity. Here is the projected best-case schedule of moving forward with the Phase 1 work, getting the report with the design of the final monitoring network and the Phase 2 QAPP, which would move us forward to installing those wells and collecting baseline condition samples.

- o 8/17—E&E submits revised QAPP to EPA
 - o 8/31—Ada Lab QAPP review ends
 - o 9/7—QAPP is revised & submitted to CHK and OCC for review
 - o 9/14—CHK/OCC review comments due back
 - o 9/21—CHK/OCC input reviewed and QAPP revised
 - o 10/5—QAPP reviewed by QA office
 - o 10/12—QAPP revised to reflect QA input
 - o 10/19—QAPP completes final review and approval
 - o 10/29-11/16—Phase 1 Field Work
- Phase I report due from E&E to EPA on 12/7/12
- o Report will include conceptual design of final monitoring well network, including whether off-pad wells only will be sufficient.
- Phase II QAPP will be submitted at the same time as the Phase one report on 12/7/12. The Phase II QAPP shall address installation of remaining wells, procedures for collection and analysis of soil, surface water, ground water, and flowback water samples to establish baseline site conditions through 1 year of production, and anticipated plugging and abandonment procedures for monitoring wells.

I will call Chris on Friday for more discussion on the schedule.

Michael Overbay, P.G.
Regional Ground Water Center Coordinator
U.S. Environmental Protection Agency - Region 6
(214)665-6482
(214)665-2191 (FAX)

This email (and attachments if any) is intended only for the use of the individual or entity to which it is addressed, and may contain information that is confidential or privileged and exempt from disclosure under applicable law. If the reader of this email is not the intended recipient, or the employee or agent responsible for delivering this message to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify the sender immediately by return email and destroy all copies of the email (and attachments if any). *(See attached file: EPA Chesapeake access agr-clean 8-9-12 MO.DOCX)*

----- Forwarded by Doug Beak/ADA/USEPA/US on 09/24/2014 02:09 PM -----

From: Michael Overbay/R6/USEPA/US
To: "Chris Hill (Regulatory)" <chris.hill@chk.com>
Cc: Bob Costello <bob.costello@chk.com>, "Mullaney-Westfall, Colleen" <CMullaneyWestfall@ene.com>, David Jewett/ADA/USEPA/US@EPA, Doug Beak/ADA/USEPA/US@EPA, "Florentino, Gene" <GFlorentino@ene.com>, John Satterfield <john.satterfield@chk.com>, Renee Riebe <renee.riebe@chk.com>, Stacy Roberts <stacy.roberts@chk.com>, Stephen Hess/DC/USEPA/US@EPA, Susan Mravik/ADA/USEPA/US@EPA
Date: 08/10/2012 11:17 AM
Subject: RE: Minor change in the access agreement

Hi Chris,

I will pass along the changes to the access agreement for further review. Sorry for the confusion about the language about the wells. You are correct that I was referring to the need for angled or horizontal wells; EPA will not put wells through the pad.

Mike

Michael Overbay, P.G.
Regional Ground Water Center Coordinator
U.S. Environmental Protection Agency - Region 6
(214)665-6482
(214)665-2191 (FAX)

 "Chris Hill (Regulatory)" ---08/10/2012 11:09:31 AM---Mike, We have modified the agreement language to clarify that only the drilling contractor will requ

From: "Chris Hill (Regulatory)" <chris.hill@chk.com>
To: Michael Overbay/R6/USEPA/US@EPA, John Satterfield <john.satterfield@chk.com>
Cc: Bob Costello <bob.costello@chk.com>, David Jewett/ADA/USEPA/US@EPA, Doug Beak/ADA/USEPA/US@EPA, Susan Mravik/ADA/USEPA/US@EPA, "Florentino, Gene" <GFlorentino@ene.com>, Stephen Hess/DC/USEPA/US@EPA, "Mullaney-Westfall, Colleen" <CMullaneyWestfall@ene.com>, Stacy Roberts <stacy.roberts@chk.com>, Renee Riebe <renee.riebe@chk.com>
Date: 08/10/2012 11:09 AM
Subject: RE: Minor change in the access agreement

Mike,

We have modified the agreement language to clarify that only the drilling contractor will require the \$10MM Excess Liability policy. In addition, we add back the sentence in provision 6 (a) (ii) which stated "Such insurance shall include coverage for underground resource damage including but not limited to damage to any wellbore." CHK feels strongly about having this language included in the agreement.

I don't see any problems with the schedule as proposed below. I might suggest we have some discussions regarding the Phase II SOW in parallel with the development and implementation of the Phase I SOW. I believe this could be beneficial for EPA's project schedule. One point of clarification, it is stated below that the report with identify "whether off-pad wells only will be sufficient." I think you may have meant to say "weather horizontal wells are necessary" because CHK has clearly stated that monitoring wells will not be located on the pad.

Please let me know if you have any questions.

Thank you,
Chris Hill
Environmental Engineer
Chesapeake Energy Corporation
Office: (405) 935-2321
Mobile: (405) 388-3907
Fax: (405) 849-2321

E-mail: Chris.Hill@chk.com

 Description: Declare energy independence

From: Michael Overbay [<mailto:Overbay.Michael@epamail.epa.gov>]

Sent: Thursday, August 09, 2012 9:47 AM

To: John Satterfield

Cc: Chris Hill (Regulatory); Bob Costello; David Jewett; Doug Beak; Susan Mravik; Florentino, Gene; Stephen Hess; Mullaney-Westfall, Colleen

Subject: Minor change in the access agreement

Hi John,

E&E's counsel, Colleen Mullaney-Westfall, brought to my attention this morning that the way the access agreement is currently worded, they would have to require all of the subcontractors on the site to provide the insurance coverage indicated in section 6. Therefore, I have made a minor change to section 6 of the access agreement to clarify that the only subcontractor required to provide their insurance information and \$10 million in liability coverage is the drilling subcontractor. We did not intend for this requirement to apply to the surveyor nor the geophysical logging company which will log our initial deep water well.

Here is the revised agreement in both Word and Adobe.pdf formats.

Michael Overbay, P.G.
Regional Ground Water Center Coordinator
U.S. Environmental Protection Agency - Region 6
(214)665-6482
(214)665-2191 (FAX)

From: Michael Overbay [<mailto:Overbay.Michael@epamail.epa.gov>]

Sent: Wednesday, August 08, 2012 4:13 PM

To: John Satterfield

Cc: Chris Hill (Regulatory); Bob Costello; Stephen Hess; David Jewett; Doug Beak; Susan Mravik; Jeanne Briskin; Ramona Trovato; Florentino, Gene

Subject: Access agreement and project schedule update

Hi John,

Attached is both a Word file and an Adobe .pdf file of the access agreement that we have been working on with Bob Costello of CHK. I believe it to be in a form that all parties, including our EPA prime contractor, Ecology and Environment (E&E), are comfortable with. Please check with Bob to make sure he is in agreement. I have sent this version without all of the track-changes history and after cleaning up some formatting issues so that it is easy to read. This version reflects the commitment from Paul that the well control insurance was no longer being requested by CHK

E&E has been asked to proceed with getting the revised insurance certificates with Chesapeake named on them and the requested subrogation language, so if this access agreement meets everyone's approval, we should be able to sign it very quickly.

Immediately following the meeting on July 31 in Washington, EPA tasked E&E to proceed with the development of the revised Phase I QAPP and to proceed with the subcontracting for the driller, geophysical logger, and surveyor, in order to proceed with the installation of the initial set of wells to determine the gradient and ground water flow velocity. Here is the projected best-case schedule of moving forward with the Phase 1 work, getting the report with the design of the final monitoring network and the Phase 2 QAPP, which would move us forward to installing those wells and collecting baseline condition samples.

- o 8/17—E&E submits revised QAPP to EPA
 - o 8/31—Ada Lab QAPP review ends
 - o 9/7—QAPP is revised & submitted to CHK and OCC for review
 - o 9/14—CHK/OCC review comments due back
 - o 9/21—CHK/OCC input reviewed and QAPP revised
 - o 10/5—QAPP reviewed by QA office
 - o 10/12—QAPP revised to reflect QA input
 - o 10/19—QAPP completes final review and approval
 - o 10/29-11/16—Phase 1 Field Work
- Phase I report due from E&E to EPA on 12/7/12
- o Report will include conceptual design of final monitoring well network, including whether off-pad wells only will be sufficient.
- Phase II QAPP will be submitted at the same time as the Phase one report on 12/7/12. The Phase II QAPP shall address installation of remaining wells, procedures for collection and analysis of soil, surface water, ground water, and flowback water samples to establish baseline site conditions through 1 year of production, and anticipated plugging and abandonment procedures for monitoring wells.

I will call Chris on Friday for more discussion on the schedule.

Michael Overbay, P.G.
Regional Ground Water Center Coordinator
U.S. Environmental Protection Agency - Region 6
(214)665-6482
(214)665-2191 (FAX)

This email (and attachments if any) is intended only for the use of the individual or entity to which it is addressed, and may contain information that is confidential or privileged and exempt from disclosure under applicable law. If the reader of this email is not the intended recipient, or the employee or agent responsible for delivering this message to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify the sender immediately by return email and destroy all copies of the email (and attachments if any). [attachment "EPA Chesapeake access agr-clean 8-9-12 MO.DOCX" deleted by Michael Overbay/R6/USEPA/US]

non-responsive

non-responsive

----- Forwarded by Doug Beak/ADA/USEPA/US on 09/24/2014 02:08 PM -----

From: Michael Overbay/R6/USEPA/US
To: Chris Hill <chris.hill@chk.com>
Cc: Doug Beak/ADA/USEPA/US@EPA
Date: 08/30/2012 04:14 PM
Subject: Any update on the access agreement issues?

Hi Chris,

I will be out on Friday and Monday for the Labor Day Weekend. Would it be possible to get an update from you on Tuesday?

I hope you have a great weekend, too.

Mike

Michael Overbay, P.G.
Regional Ground Water Center Coordinator
U.S. Environmental Protection Agency - Region 6
(214)665-6482
(214)665-2191 (FAX)

----- Forwarded by Doug Beak/ADA/USEPA/US on 09/24/2014 02:08 PM -----

From: "Chris Hill (Regulatory)" <chris.hill@chk.com>
To: Michael Overbay/R6/USEPA/US@EPA
Cc: Doug Beak/ADA/USEPA/US@EPA
Date: 08/30/2012 04:16 PM
Subject: RE: Any update on the access agreement issues?

I will have you an update hopefully COB today. Thanks!

From: Michael Overbay [<mailto:Overbay.Michael@epamail.epa.gov>]
Sent: Thursday, August 30, 2012 4:15 PM
To: Chris Hill (Regulatory)
Cc: Doug Beak
Subject: Any update on the access agreement issues?

Hi Chris,

I will be out on Friday and Monday for the Labor Day Weekend. Would it be possible to get an update from you on Tuesday?

I hope you have a great weekend, too.

Mike

Michael Overbay, P.G.
Regional Ground Water Center Coordinator
U.S. Environmental Protection Agency - Region 6
(214)665-6482
(214)665-2191 (FAX)

This email (and attachments if any) is intended only for the use of the individual or entity to which it is addressed, and may contain information that is confidential or privileged and exempt from disclosure under applicable law. If the reader of this email is not the intended recipient, or the employee or agent responsible for delivering this message to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify the sender immediately by return email and destroy all copies of the email (and attachments if any).

----- Forwarded by Doug Beak/ADA/USEPA/US on 09/24/2014 02:08 PM -----

From: "Chris Hill (Regulatory)" <chris.hill@chk.com>
To: Michael Overbay/R6/USEPA/US@EPA, John Satterfield <john.satterfield@chk.com>
Cc: David Jewett/ADA/USEPA/US@EPA, Doug Beak/ADA/USEPA/US@EPA, Susan Mravik/ADA/USEPA/US@EPA, "Florentino, Gene" <GFlorentino@ene.com>, 'Lukert' <GLukert@ene.com>, 'George' <GLukert@ene.com>, 'George' <GLukert@ene.com>, Stephen Hess/DC/USEPA/US@EPA, Stephen Hess/DC/USEPA/US@EPA
Date: 08/30/2012 05:28 PM
Subject: RE: Access agreement insurance requirements

Hello Mike,

I have attached a revised version of the agreement with the below comments incorporated, and would appreciate an opportunity to have a conference call early next week to discuss these comments/revisions.

Section 6.(a)

It is unfortunate to hear that some of your subcontractors do not want to provide the requested insurance certificates of coverage with CHK named as **additional insured** (not *insured* as stated below) and a waiver of subrogation. We understand that these contracts may be small in comparison to the prime contractor and drill, however, liabilities are not necessarily correlated to the size of a particular contract. Therefore, CHK cannot remove this reasonable requirement from the agreement. However, CHK is willing to minimize the burden on your subcontractors by expend internal resources to assist your sub-contractors in obtaining this documentation from their respective insurance agencies. Based on conversation with our insurance experts, this would take a simple phone call, therefore, all CHK would need is the name and phone number of the subcontractors and their insurance companies.

Section 6.(a)(ii)

Based on your email and our internal insurance experts, we believe the issue surrounding Section 6.(a)(ii), which says, "Such insurance shall include coverage for underground resource damage including but not limited to damage to any wellbore," may be a simple misunderstanding. We have revised the language to provide clarification regarding CHK intentions; "Such insurance shall not exclude coverage for underground property damage." CHK does not believe it is unreasonable for a water well drilling contractor to have this type of coverage due to the inherent risk of property damage (e.g., pipelines, underground cables) associate with this type of work. Simply confirming this type of coverage is not excluded from the Liability Policies could easily resolve this issue.

I look forward to our discussion next week. Have a wonderful and safe Labor Day weekend!

Thank you,
Chris Hill

Environmental Engineer
Chesapeake Energy Corporation
Office: (405) 935-2321
Mobile: (405) 388-3907
Fax: (405) 849-2321
E-mail: Chris.Hill@chk.com

 Description: Declare energy independence

From: Michael Overbay [<mailto:Overbay.Michael@epamail.epa.gov>]

Sent: Wednesday, August 22, 2012 4:23 PM

To: John Satterfield

Cc: Chris Hill (Regulatory); David Jewett; Doug Beak; Susan Mravik; Florentino, Gene; Lukert; George; George; Jeanne Briskin; Stephen_Hess/DC/USEPA/US@EPA.epa.gov

Subject: Access agreement insurance requirements

Hello John,

I spoke with Chris a little while ago and relayed this information to him, but wanted to follow up on it with an email to you.

I and Stephen Hess, of our Office of General Counsel in D.C., have been working with our contractors to try and accommodate Chesapeake's requests for insurance coverage which were added to the access agreement by Chris's submittal on August 10th. We have yet to find a way to comply with the language Chesapeake has requested be included in the Access Agreement in Section 6.(a)(ii), which says, "Such insurance shall include coverage for underground resource damage including but not limited to damage to any wellbore."

As of today (and I just confirmed this with our prime contractors after speaking with Chris this afternoon) the feedback I have is that this type of insurance is typically associated with oil and gas operations, and since our contractors and drilling sub will not be the owner of the gas well, they have yet to find a source for this type of insurance. This means that as of now, we have no ability to provide this coverage, regardless of the cost. Also, the feedback from the subs is that they have never had to purchase this type of insurance before for any other projects.

EPA's belief is that there is not a significant risk of this type of damage occurring. We have already agreed that if we need to use directionally drilled wells under the pad we will adhere to the 30' setback from the well, and we anticipate we will be using technology which has a 3' accuracy, making any damage to the wellbore and resulting underground resource damages extremely unlikely. It was my understanding from the conversation with Paul at the meeting in D.C a few weeks ago that he also agreed that there was little or no risk of this type of damage, and he agreed to drop the insurance requirements related to damages to the wellbore and regaining control of the well during a blowout. Chris told me today he only referred to the wellbore blowout issue, but that was not how we perceived his intent.

Regardless, because of the extremely low risk of damages and our inability to secure this type of insurance, we would like to remove this requirement in Section 6.(a)(ii) from the agreement.

Another aspect of the agreement that is problematic is the addition of new language to section 6.(a), which would require all of EPA's subcontractors to provide the requested insurance certificates of coverage with Chesapeake as a named insured and with a waiver of subrogation. Our intent was to do so for EPA's prime contractor and the drilling subcontractor, but we did not anticipate providing this for other subcontractors, such as the surveyor and geophysical logging company. These contracts are much smaller in value than the drilling contract, and I have been told by my contractors that there is a reluctance on the part of the subs to modify their insurance documents for such limited efforts. As you know, due to the booming oil business in this area, these subs have no shortage of work. However, we are willing to provide the requested insurance certificates showing they have the worker's compensation, general liability, and automotive liability insurance.

Please let me know what your thoughts are on these issues. Once these insurance issues are resolved, we will proceed with securing the subcontractors for the drilling, surveying and geophysical logging.

In the meantime, we are continuing to move forward with the preparation and internal review of the Phase I QAPP, and we expect to be able to provide it to Chesapeake, the Oklahoma Conservation Commission (Tim Baker) and the

Oklahoma Water Resources Board (Kent Wilkins) for review on or about September 10 for a one week review.

Best regards,

Mike

Michael Overbay, P.G.
Regional Ground Water Center Coordinator
U.S. Environmental Protection Agency - Region 6
(214)665-6482
(214)665-2191 (FAX)

This email (and attachments if any) is intended only for the use of the individual or entity to which it is addressed, and may contain information that is confidential or privileged and exempt from disclosure under applicable law. If the reader of this email is not the intended recipient, or the employee or agent responsible for delivering this message to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify the sender immediately by return email and destroy all copies of the email (and attachments if any). *(See attached file: EPA Chesapeake access agr-clean 8-9-12 MO.DOCX)*

----- Forwarded by Doug Beak/ADA/USEPA/US on 09/24/2014 02:08 PM -----

non-responsive

Thanks Chris,

Let me talk to the EPA team and then lets set something up for in the morning.

Mike

Michael Overbay, P.G.
Regional Ground Water Center Coordinator
U.S. Environmental Protection Agency - Region 6
(214)665-6482
(214)665-2191 (FAX)

☐ "Chris Hill (Regulatory)" ---08/30/2012 05:28:59 PM---Hello Mike, I have attached a revised version of the agreement with the below comments incorporated,

From:"Chris Hill (Regulatory)" <chris.hill@chk.com>
To: Michael Overbay/R6/USEPA/US@EPA, John Satterfield <john.satterfield@chk.com>
Cc: David Jewett/ADA/USEPA/US@EPA, Doug Beak/ADA/USEPA/US@EPA, Susan Mravik/ADA/USEPA/US@EPA, "Florentino, Gene" <GFlorentino@ene.com>, 'Lukert' <GLukert@ene.com>, 'George' <GLukert@ene.com>, 'George'<GLukert@ene.com>, Stephen Hess/DC/USEPA/US@EPA, Stephen Hess/DC/USEPA/US@EPA
Date:08/30/2012 05:28 PM
Subject:RE: Access agreement insurance requirements

Hello Mike,

I have attached a revised version of the agreement with the below comments incorporated, and would appreciate an opportunity to have a conference call early next week to discuss these comments/revisions.

Section 6.(a)

It is unfortunate to hear that some of your subcontractors do not want to provide the requested insurance certificates of coverage with CHK named as **additional insured** (not *insured* as stated below) and a waiver of subrogation. We understand that these contracts may be small in comparison to the prime contractor and drill, however, liabilities are not necessarily correlated to the size of a particular contract. Therefore, CHK cannot remove this reasonable requirement from the agreement. However, CHK is willing to minimize the burden on your subcontractors by expend internal resources to assist your sub-contractors in obtaining this documentation from their respective insurance agencies. Based on conversation with our insurance experts, this would take a simple phone call, therefore, all CHK would need is the name and phone number of the subcontractors and their insurance companies.

Section 6.(a)(ii)

Based on your email and our internal insurance experts, we believe the issue surrounding Section 6.(a)(ii), which says, "Such insurance shall include coverage for underground resource damage including but not limited to damage to any wellbore," may be a simple misunderstanding. We have revised the language to provide clarification regarding CHK intentions; "Such insurance shall not exclude coverage for underground property damage." CHK does not believe it is unreasonable for a water well drilling contractor to have this type of coverage due to the inherent risk of property damage (e.g., pipelines, underground cables) associate with this type of work. Simply confirming this type of coverage is not excluded from the Liability Policies could easily resolve this issue.

I look forward to our discussion next week. Have a wonderful and safe Labor Day weekend!

Thank you,
Chris Hill
Environmental Engineer

Chesapeake Energy Corporation
Office: (405) 935-2321
Mobile: (405) 388-3907
Fax: (405) 849-2321
E-mail: Chris.Hill@chk.com



Description: Declare energy independence

From: Michael Overbay [<mailto:Overbay.Michael@epamail.epa.gov>]

Sent: Wednesday, August 22, 2012 4:23 PM

To: John Satterfield

Cc: Chris Hill (Regulatory); David Jewett; Doug Beak; Susan Mravik; Florentino, Gene; Lukert; George; George; Jeanne Briskin; Stephen_Hess/DC/USEPA/US@EPA.epa.gov

Subject: Access agreement insurance requirements

Hello John,

I spoke with Chris a little while ago and relayed this information to him, but wanted to follow up on it with an email to you.

I and Stephen Hess, of our Office of General Counsel in D.C., have been working with our contractors to try and accommodate Chesapeake's requests for insurance coverage which were added to the access agreement by Chris's submittal on August 10th. We have yet to find a way to comply with the language Chesapeake has requested be included in the Access Agreement in Section 6.(a)(ii), which says, "Such insurance shall include coverage for underground resource damage including but not limited to damage to any wellbore."

As of today (and I just confirmed this with our prime contractors after speaking with Chris this afternoon) the feedback I have is that this type of insurance is typically associated with oil and gas operations, and since our contractors and drilling sub will not be the owner of the gas well, they have yet to find a source for this type of insurance. This means that as of now, we have no ability to provide this coverage, regardless of the cost. Also, the feedback from the subs is that they have never had to purchase this type of insurance before for any other projects.

EPA's belief is that there is not a significant risk of this type of damage occurring. We have already agreed that if we need to use directionally drilled wells under the pad we will adhere to the 30' setback from the well, and we anticipate we will be using technology which has a 3' accuracy, making any damage to the wellbore and resulting underground resource damages extremely unlikely. It was my understanding from the conversation with Paul at the meeting in D.C a few weeks ago that he also agreed that there was little or no risk of this type of damage, and he agreed to drop the insurance requirements related to damages to the wellbore and regaining control of the well during a blowout. Chris told me today he only referred to the wellbore blowout issue, but that was not how we perceived his intent.

Regardless, because of the extremely low risk of damages and our inability to secure this type of insurance, we would like to remove this requirement in Section 6.(a)(ii) from the agreement.

Another aspect of the agreement that is problematic is the addition of new language to section 6.(a), which would require all of EPA's subcontractors to provide the requested insurance certificates of coverage with Chesapeake as a named insured and with a waiver of subrogation. Our intent was to do so for EPA's prime contractor and the drilling subcontractor, but we did not anticipate providing this for other subcontractors, such as the surveyor and geophysical logging company. These contracts are much smaller in value than the drilling contract, and I have been told by my contractors that there is a reluctance on the part of the subs to modify their insurance documents for such limited efforts. As you know, due to the booming oil business in this area, these subs have no shortage of work. However, we are willing to provide the requested insurance certificates showing they have the worker's compensation, general liability, and automotive liability insurance.

Please let me know what your thoughts are on these issues. Once these insurance issues are resolved, we will proceed

with securing the subcontractors for the drilling, surveying and geophysical logging.

In the meantime, we are continuing to move forward with the preparation and internal review of the Phase I QAPP, and we expect to be able to provide it to Chesapeake, the Oklahoma Conservation Commission (Tim Baker) and the Oklahoma Water Resources Board (Kent Wilkins) for review on or about September 10 for a one week review.

Best regards,

Mike

Michael Overbay, P.G.
Regional Ground Water Center Coordinator
U.S. Environmental Protection Agency - Region 6
(214)665-6482
(214)665-2191 (FAX)

This email (and attachments if any) is intended only for the use of the individual or entity to which it is addressed, and may contain information that is confidential or privileged and exempt from disclosure under applicable law. If the reader of this email is not the intended recipient, or the employee or agent responsible for delivering this message to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify the sender immediately by return email and destroy all copies of the email (and attachments if any). [attachment "EPA Chesapeake access agr-clean 8-9-12 MO.DOCX" deleted by Michael Overbay/R6/USEPA/US]

----- Forwarded by Doug Beak/ADA/USEPA/US on 09/24/2014 02:08 PM -----

From: "Chris Hill (Regulatory)" <chris.hill@chk.com>
To: Michael Overbay/R6/USEPA/US@EPA
Cc: David Jewett/ADA/USEPA/US@EPA, Doug Beak/ADA/USEPA/US@EPA, "Florentino, Gene" <GFlorentino@ene.com>, 'Lukert' <GLukert@ene.com>, John Satterfield <john.satterfield@chk.com>, Stephen Hess/DC/USEPA/US@EPA, Susan Mravik/ADA/USEPA/US@EPA
Date: 09/04/2012 07:37 AM
Subject: RE: Access agreement insurance requirements

Mike,

I hope you had a wonderful Labor Day weekend. I appreciate the quick response. Tomorrow morning looks good for CHK.

Thank you,
Chris Hill
Environmental Engineer
Chesapeake Energy Corporation
Office: (405) 935-2321
Mobile: (405) 388-3907
Fax: (405) 849-2321
E-mail: Chris.Hill@chk.com

 Description: Declare energy independence

From: Michael Overbay [<mailto:Overbay.Michael@epamail.epa.gov>]

Sent: Tuesday, September 04, 2012 7:31 AM

To: Chris Hill (Regulatory)

Cc: David Jewett; Doug Beak; 'Florentino, Gene'; 'Lukert'; John Satterfield; Stephen Hess; Susan Mravik

Subject: RE: Access agreement insurance requirements

Thanks Chris,

Let me talk to the EPA team and then lets set something up for in the morning.

Mike

Michael Overbay, P.G.
Regional Ground Water Center Coordinator
U.S. Environmental Protection Agency - Region 6
(214)665-6482
(214)665-2191 (FAX)

From: "Chris Hill (Regulatory)" <chris.hill@chk.com>

To: Michael Overbay/R6/USEPA/US@EPA, John Satterfield <john.satterfield@chk.com>

Cc: David Jewett/ADA/USEPA/US@EPA, Doug Beak/ADA/USEPA/US@EPA, Susan Mravik/ADA/USEPA/US@EPA, "Florentino, Gene" <GFlorentino@ene.com>, 'Lukert' <GLukert@ene.com>, 'George' <GLukert@ene.com>, 'George' <GLukert@ene.com>, Stephen Hess/DC/USEPA/US@EPA, Stephen Hess/DC/USEPA/US@EPA

Date: 08/30/2012 05:28 PM

Subject: RE: Access agreement insurance requirements

Hello Mike,

I have attached a revised version of the agreement with the below comments incorporated, and would appreciate an opportunity to have a conference call early next week to discuss these comments/revisions.

Section 6.(a)

It is unfortunate to hear that some of your subcontractors do not want to provide the requested insurance certificates of coverage with CHK named as **additional insured** (not *insured* as stated below) and a waiver of subrogation. We understand that these contracts may be small in comparison to the prime contractor and drill, however, liabilities are not necessarily correlated to the size of a particular contract. Therefore, CHK cannot remove this reasonable requirement from the agreement. However, CHK is willing to minimize the burden on your subcontractors by expend internal resources to assist your sub-contractors in obtaining this documentation from their respective insurance agencies. Based on conversation with our insurance experts, this would take a simple phone call, therefore, all CHK would need is the name and phone number of the subcontractors and their insurance companies.

Section 6.(a)(ii)

Based on your email and our internal insurance experts, we believe the issue surrounding Section 6.(a)(ii), which says, "Such insurance shall include coverage for underground resource damage including but not limited to damage to any wellbore," may be a simple misunderstanding. We have revised the language to provide clarification regarding CHK intentions; "Such insurance shall not exclude coverage for underground property damage." CHK does not believe it is unreasonable for a water well drilling contractor to have this type of coverage due to the inherent risk of property damage (e.g., pipelines, underground cables) associate with this type of work. Simply confirming this type of coverage is not excluded from the Liability Policies could easily resolve this issue.

I look forward to our discussion next week. Have a wonderful and safe Labor Day weekend!

Thank you,

Chris Hill

Environmental Engineer
Chesapeake Energy Corporation
Office: (405) 935-2321
Mobile: (405) 388-3907
Fax: (405) 849-2321

E-mail: Chris.Hill@chk.com



Description: Declare energy independence

From: Michael Overbay [<mailto:Overbay.Michael@epamail.epa.gov>]

Sent: Wednesday, August 22, 2012 4:23 PM

To: John Satterfield

Cc: Chris Hill (Regulatory); David Jewett; Doug Beak; Susan Mravik; Florentino, Gene; Lukert; George; George; Jeanne Briskin; Stephen_Hess/DC/USEPA/US@EPA.epa.gov

Subject: Access agreement insurance requirements

Hello John,

I spoke with Chris a little while ago and relayed this information to him, but wanted to follow up on it with an email to you.

I and Stephen Hess, of our Office of General Counsel in D.C., have been working with our contractors to try and accommodate Chesapeake's requests for insurance coverage which were added to the access agreement by Chris's submittal on August 10th. We have yet to find a way to comply with the language Chesapeake has requested be included in the Access Agreement in Section 6.(a)(ii), which says, "Such insurance shall include coverage for underground resource damage including but not limited to damage to any wellbore."

As of today (and I just confirmed this with our prime contractors after speaking with Chris this afternoon) the feedback I have is that this type of insurance is typically associated with oil and gas operations, and since our contractors and drilling sub will not be the owner of the gas well, they have yet to find a source for this type of insurance. This means that as of now, we have no ability to provide this coverage, regardless of the cost. Also, the feedback from the subs is that they have never had to purchase this type of insurance before for any other projects.

EPA's belief is that there is not a significant risk of this type of damage occurring. We have already agreed that if we need to use directionally drilled wells under the pad we will adhere to the 30' setback from the well, and we anticipate we will be using technology which has a 3' accuracy, making any damage to the wellbore and resulting underground resource damages extremely unlikely. It was my understanding from the conversation with Paul at the meeting in D.C a few weeks ago that he also agreed that there was little or no risk of this type of damage, and he agreed to drop the insurance requirements related to damages to the wellbore and regaining control of the well during a blowout. Chris told me today he only referred to the wellbore blowout issue, but that was not how we perceived his intent.

Regardless, because of the extremely low risk of damages and our inability to secure this type of insurance, we would like to remove this requirement in Section 6.(a)(ii) from the agreement.

Another aspect of the agreement that is problematic is the addition of new language to section 6.(a), which would require all of EPA's subcontractors to provide the requested insurance certificates of coverage with Chesapeake as a named insured and with a waiver of subrogation. Our intent was to do so for EPA' prime contractor and the drilling subcontractor, but we did not anticipate providing this for other subcontractors, such as the surveyor and geophysical

logging company. These contracts are much smaller in value than the drilling contract, and I have been told by my contractors that there is a reluctance on the part of the subs to modify their insurance documents for such limited efforts.

As you know, due to the booming oil business in this area, these subs have no shortage of work. However, we are willing to provide the requested insurance certificates showing they have the worker's compensation, general liability, and automotive liability insurance.

Please let me know what your thoughts are on these issues. Once these insurance issues are resolved, we will proceed with securing the subcontractors for the drilling, surveying and geophysical logging.

In the meantime, we are continuing to move forward with the preparation and internal review of the Phase I QAPP, and we expect to be able to provide it to Chesapeake, the Oklahoma Conservation Commission (Tim Baker) and the Oklahoma Water Resources Board (Kent Wilkins) for review on or about September 10 for a one week review.

Best regards,

Mike

Michael Overbay, P.G.
Regional Ground Water Center Coordinator
U.S. Environmental Protection Agency - Region 6
(214)665-6482
(214)665-2191 (FAX)

This email (and attachments if any) is intended only for the use of the individual or entity to which it is addressed, and may contain information that is confidential or privileged and exempt from disclosure under applicable law. If the reader of this email is not the intended recipient, or the employee or agent responsible for delivering this message to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify the sender immediately by return email and destroy all copies of the email (and attachments if any). [attachment "EPA Chesapeake access agr-clean 8-9-12 MO.DOCX" deleted by Michael Overbay/R6/USEPA/US]

This email (and attachments if any) is intended only for the use of the individual or entity to which it is addressed, and may contain information that is confidential or privileged and exempt from disclosure under applicable law. If the reader of this email is not the intended recipient, or the employee or agent responsible for delivering this message to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify the sender immediately by return email and destroy all copies of the email (and attachments if any).

non-responsive
